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### **ECONOMIC GROWTH**

**(Economic Reform, Private Sector Development, Trade and Agriculture)**

#### **Gov’t programs to raise IS will reduce poverty**

**(Source: The Manila Times News Online – 4/20/08)**

A bill, authored by Rep. Juan Edgardo Angara, is pending in the House of Representatives titled “Magna Carta for the Workers of the Informal Sector” which, when enacted, will give Filipinos who belong to the “economy of the poor” some relief in their effort to climb out of their poverty by being self-employed, or working for the very small (that is what “micro” means) businesses operated by their relatives.

Meanwhile, before that law becomes a reality, the government—specifically the Labor department—has been doing quite a lot to help the informal sector.

The Department of Labor and Employment (DOLE), since last year, has been giving training to about 32,000 “worktrepreneurs” (worker-entrepreneurs) in 32 towns and cities.

The Labor program is called “Unlad Kabuhayan Laban sa Kahirapan.”

It was started by former DOLE chief, now Supreme Court associate justice, Arturo Brion. Sec. Marianito Roque is zealously continuing the program.

Unlad Kabuhayan’s objective is to help the informal sector’s self-employed workers and entrepreneurs make a go of microenterprise.

Implementation is done through local governments coordinating with the local DOLE branch or office with the assistance of the Bureau of Rural Workers.

Business information, advice and training—offered by DOLE in tandem with the Technical Education and Skills Development Authority —will raise the income of

the worker-enterprise owners because they will learn to be more productive, efficient and systematic.

The program is a component of the Arroyo administration's "Accelerated Hunger Mitigation Program" whose goal is to "put more money in poor people's pockets."

Many citizens—and honest government employees—are praying none of the money skips the pockets of the poor and lands in corrupt officials' pockets instead.

Another DOLE program that is helping the informal sector is the Workers Income Augmentation Program, which in Filipino means "Dagdag Kabuhayan para sa mga Manggagawa."

The project helps employed workers and former employees who have been laid off (and have therefore joined the jobless and, if they start a business, have become members of the informal sector) to form collectively-owned and managed businesses.

The help is in the form of training and loan facilitation from banks.

Last year, President Gloria Arroyo gave the Labor department an additional P50-million fund for the livelihood program of parents of child laborers.

Meanwhile, the Trade Union Congress of the Philippines (TUCP), which in 1996 had received a grant from USAID to operate its "Informal Sector Project" in 1996 to 2000, has continued all the programs that arose out of the project.

TUCP initially had partners in the projects Balikatan sa Kaunlaran and Kamalayan Development Foundation.

According to the TUCP report, the "project's initiatives to reform/influence policies and government programs were expected to directly benefit some 500,000 members of the informal sector, and about 13 million to 15 million IS workers as indirect beneficiaries. Project implementation was focused in five selected pilot areas, including National Capital Region, Rizal, Tarlac, Cebu, and Negros Occidental."

A third grant modification was approved by USAID on September 17, 1999, giving additional funds for expanded anti-child labor initiatives. "Specifically, it was intended to support the project's participation in the verification of the monitoring mechanisms to assess compliance /initiate actions to improve (compliance) of the Philippine Garment Exporters' Code of Conduct or Responsible Apparel Production Principles," the TUCP report says.

The project allowed TUCP to help IS women to have "improved access to productive resources,(credit, markets, training; technology)" by the implementation

of Republic Act 7882 (the law that provides assistance to women engaging in micro and cottage business enterprises).

The project also allowed TUCP to form an IS coalition and push for the implementation of the \$10-million International Cooperation Development Fund, a development assistance provided by the Taiwan government obtained as a result of the bilateral agreement between the governments of the Philippines and Taiwan.

The fund was primarily intended to provide capitalization to small and medium scale entrepreneurs to encourage the adoption of Taiwan's center satellite system in the manufacturing enterprises in the Philippines. In accordance with the bilateral agreement, funds shall be managed by the Development Bank of the Philippines (DBP). However, three years since it was transferred to the Philippine government, none of the intended beneficiaries have availed of the funds due to the rigid requirements imposed by the bank (i.e., asset sizes requirement which was generally beyond the reach of the intended beneficiaries and that procurement of equipment be limited to either Philippine or Taiwan products). The position pushed by the coalition was for DBP to relax its lending rules and include micro-entrepreneurs among the fund beneficiaries.

The TUCP's IS coalition also campaigned successfully to make national government agencies and local government units (LGUs) to adopt policies and carryout programs to help low-income IS microenterpreneurs.

TUCP also managed to help achieve the expansion of Social Security System (SSS) coverage/implementation of Philippine Health Insurance Corp. (PHIC) policy for IS members.

SSS coverage is intended to be universal, however, IS members are generally unaware of the mechanics on how to enroll, where to remit premiums as some SSS outlets are inaccessible to prospective members or unable to afford the minimum requirement of P1,500.

PHIC, on the other hand, aims to provide health insurance to all Filipinos, with the Social Assurance/Indigent Program, catering to the lower 25 percent of the population with the lowest incomes.

Implementation of the program hinges on the ability of the national and local government units to provide counterpart funding for the required premium (co-sharing between the LGUs and the identified beneficiaries).

TUCP's IS campaign pushed SSS to devise and implement special collection mechanisms that would improve the informal sector's access to SSS programs. Specifically, the IS coalition pushed for the accreditation of cooperatives/informal sector organizations as collecting agents for the SSS. On the PHIC program, the

objective of the campaign was to convince PHIC to implement immediately, the government's health insurance program, at least in the IS pilot areas during the initial stage of its implementation.

The TUCP also operated programs to establish tie-ups with cooperative insurance schemes.

Other TUCP IS coalition drives helped improve the quality of life and working conditions of children and young workers (in nonhazardous occupations).

It specially campaigned for the effective implementation of RA 7610 and 7658 (laws providing for the special protection of children against exploitation, abuse and discrimination).

The IS coalition can proudly claim credit for many improvements in the lives and incomes of IS members.

TUCP's officers do not hesitate to say that these successes would not have been possible without the cooperation of government authorities.

-- With Anthony Vargas